

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
Accountant's Compilation Report	1
Statement of Net Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-8
<u>RELATED REPORTS</u>	
Schedule of Expenditures of Federal Awards	9
Notes to the Schedule of Expenditures of Federal Awards	10
<u>OTHER SUPPLEMENTARY SCHEDULE</u>	
Schedule of Insurance in Force (Unaudited)	11

James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Michael A. Roy, CPA
 Lisa Trouille Manuel, CPA
 Dana D. Quebedeaux, CPA



JOHN S. DOWLING & COMPANY
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
 1904-1984
 John Newton Stout, CPA
 1936-2005
 Chizal S. Fontenot, CPA
 1955-2012

Retired

Harold Dupre, CPA
 1996
 Dwight Ledoux, CPA
 1998
 Joel Lanclos, Jr., CPA
 2003
 Russell J. Stelly, CPA
 2005

ACCOUNTANT'S COMPILATION REPORT

The Board of Commissioners of
 Water Works District No. 5
 of the Parish of St Landry, Louisiana
 Opelousas, Louisiana

We have compiled the accompanying financial statements of the business-type activities of the Water Works District No. 5, as of and for the year ended June 30, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Water Works District No. 5 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The supplementary information contained on pages 9 through 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

We are not independent with respect to the Water Works District No. 5.

John S. Dowling & Company

Opelousas, Louisiana
 August 29, 2014

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2014

BUSINESS – TYPE ACTIVITIES
PROPRIETARY FUND

ASSETS

CURRENT ASSETS

American Bank	
Operating	\$ 33,741
Savings	9,072
Prepaid insurance	425
<u>Total current assets</u>	<u>43,238</u>

RESTRICTED ASSETS

American Bank	
Reserve	1,835
<u>Total restricted assets</u>	<u>1,835</u>

PROPERTY, PLANT, AND EQUIPMENT

Water system	937,504
Less: Accumulated depreciation	(37,500)
<u>Total property, plant, and equipment</u>	<u>900,004</u>

<u>Total assets</u>	<u>945,077</u>
---------------------	----------------

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Memberships	\$ 8,893
Note payable current portion	5,544
<u>Total current liabilities</u>	<u>14,437</u>

LONG-TERM LIABILITIES

Note payable	365,292
<u>Total long-term liabilities</u>	<u>365,292</u>

<u>Total liabilities</u>	<u>379,729</u>
--------------------------	----------------

NET POSITION

Net investment in capital assets	529,168
Net position - restricted	1,835
Net position - unrestricted	34,345
<u>Total net position</u>	<u>565,348</u>

<u>Total liabilities and net position</u>	<u>945,077</u>
---	----------------

See accountant's compilation report.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

BUSINESS – TYPE ACTIVITIES
PROPRIETARY FUND

EXPENSES

Water utility	
Advertising	\$ 18
Insurance	2,921
Legal and accounting	5,500
Office expenses	392
Interest expense	5,978
Depreciation	37,500
<u>Total program expenses</u>	<u>52,309</u>

PROGRAM REVENUES

Charges for Services	
Surcharge income	32,529
Grant funding, restricted	5,831
<u>Total program revenues</u>	<u>38,360</u>

<u>Net program expenses</u>	<u>13,949</u>
-----------------------------	---------------

GENERAL REVENUE

Investment income	15
<u>Total general revenue</u>	<u>15</u>

<u>CHANGE IN NET POSITION</u>	(13,934)
-------------------------------	----------

<u>NET POSITION, beginning of year</u>	<u>579,282</u>
--	----------------

<u>NET POSITION, end of year</u>	<u>565,348</u>
----------------------------------	----------------

See accountant's compilation report.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

BUSINESS – TYPE ACTIVITIES
PROPRIETARY FUND

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 32,529
Cash paid to suppliers	(8,834)
Interest earned	15
Interest paid on loan	(5,978)
Membership refunds	(298)
<u>Net cash provided by operating activities</u>	<u>17,434</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES

Purchase of property, plant, and equipment	(38,835)
Principal payment on loan	(3,164)
Cash received from grants	44,666
<u>Net cash provided by capital and</u> <u>related financing activities</u>	<u>2,667</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

20,101

CASH AND CASH EQUIVALENTS, beginning of year

24,547

CASH AND CASH EQUIVALENTS, end of year

44,648

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES

Operating loss	\$ (19,765)
Adjustments to reconcile operating loss to net	
cash used by operating activities:	
Depreciation expense	37,500
(Increase) decrease in prepaid expense	(3)
Increase (decrease) in memberships	(298)
<u>Net cash provided by operating activities</u>	<u>17,434</u>

See accountant's compilation report.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Water Works District No. 5 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The following is a summary of certain significant accounting policies and practices of Water Works District No. 5.

A. NATURE OF ACTIVITIES

Water Works District No. 5 was created on March 10, 2010 at a St. Landry Parish council meeting. The District is governed by a five member Board of Directors. Presently, the Board of Directors receive no compensation for their service.

Water Works District No. 5 exists to provide the residents of the District high quality drinking water. The source of the drinking water will be from the existing Town of Krotz Springs water plant. Users will be billed by the Town of Krotz Springs at a flat fee in addition to their water consumption and, in turn, the Town of Krotz Springs will remit the flat fee to the District per user every billing cycle.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the Statement of Net Position, business-type activities are presented using the economic resources measurement focus.

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statement of Net Position, business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Unbilled and billed utility receivables are recorded at year-end. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Purchases of operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year, unless material.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the continuing operations of the fund. Principle operating revenues for proprietary funds are charges to customers for sales or services. Principle operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE (1) -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. INVESTMENTS

Investments are recorded at cost, which approximates market. Water Works District No. 5 did not have any investments as of June 30, 2014.

D. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Depreciation is considered an estimate.

E. CAPITAL ASSETS

Capital assets (including infrastructure assets), which constitute assets of the Proprietary Fund, are recorded at cost and depreciation is computed under the straight-line method. The service lives by type of asset are as follows:

Water system 25 years

Interest costs during construction are not capitalized.

F. BUDGET ACCOUNTING

Formal budgetary integration is not employed as a management control device for Water Works District No. 5.

G. STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, all highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

H. ENCUMBRANCES

Water Works District No. 5 does not employ the encumbrance system of accounting.

I. BAD DEBTS

Water Works District No. 5 recognizes uncollectible surcharges at the time information becomes available which would indicate the uncollectibility of the receivable.

J. RETIREMENT

Water Works District No. 5 maintains no retirement system.

K. COMPENSATED ABSENCES

No accrual has been made for vacation or sick pay due there being no employees at Water Works District No. 5 as of June 30, 2014.

L. DEFICITS IN INDIVIDUAL FUNDS

Water Works District No. 5 did not have a deficit net position as of June 30, 2014.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributed to the acquisition, construction, or improvements of those assets.
2. Restricted net position – consist of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net or related debt."

N. ACCOUNTS RECEIVABLE

Water Works District No. 5 collects surcharge income billed to customers on the District's water system. The Town of Krotz Springs provides the water and prepares, submits, and collects all water bills then submits surcharge income to Water Works District No. 5 monthly. Accounts receivable at June 30, 2014 was \$-0-.

NOTE (2) - CASH AND INVESTMENTS

At June 30, 2014, the bank balance and carrying amount of cash at American Bank were both \$44,648. At June 30, 2014, all of the bank balance was covered by the FDIC.

NOTE (3) - PROPERTY, PLANT, AND EQUIPMENT

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business-type activities:				
Water system	\$ 898,669	\$ 38,835	\$ -	\$ 937,504
<u>Total capital assets</u>	<u>898,669</u>	<u>38,835</u>	<u>-</u>	<u>937,504</u>
Less: accumulated depreciation:				
Water system	-	(37,500)	-	(37,500)
<u>Total accumulated depreciation</u>	<u>-</u>	<u>(37,500)</u>	<u>-</u>	<u>(37,500)</u>
<u>Total capital assets, net</u>	<u>898,669</u>	<u>1,335</u>	<u>-</u>	<u>900,004</u>

Depreciation expense for the year ended June 30, 2014 was \$37,500.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE (4) - LONG-TERM OBLIGATIONS

On September 12, 2011, Water Works District No. 5 was approved for a loan from the U.S. Department of Agriculture Rural Development in the amount of \$374,000 to fund the construction of the water system. The loan bears interest at 2.75% and will be repaid in monthly installments of \$1,306 over a period of 40 years.

As part of the Rural Development Loan, Water Works District No. 5 is required to establish an emergency fund for maintenance and repairs and debt repayment should the need arise. The debt service reserve requires monthly deposits equal to 10% of the monthly installments of the loan until the account accumulates one annual installment. As of June 30, 2014 the balance in the reserve account was \$1,835.

<u>Balance</u> <u>7/1/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2014</u>
<u>\$ 374,000</u>	<u> </u>	<u>\$ 3,164</u>	<u>\$ 370,836</u>
<u>374,000</u>	<u>-</u>	<u>3,164</u>	<u>370,836</u>

The annual requirements to amortize the note payable are as follows:

<u>Years Ended</u> <u>June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2015	\$ 10,128	\$ 5,544	\$ 15,672
2016	9,974	5,698	15,672
2017	9,815	5,857	15,672
2018	9,652	6,020	15,672
2019	9,485	6,187	15,672
2020-2024	44,741	33,619	78,360
2025-2029	39,791	38,569	78,360
2030-2034	34,113	44,247	78,360
2035-2039	27,599	50,761	78,360
Thereafter	<u>34,001</u>	<u>174,334</u>	<u>208,335</u>
<u>Total</u>	<u>229,299</u>	<u>370,836</u>	<u>600,135</u>

NOTE (5) - SUBSEQUENT EVENTS

Subsequent events were evaluated through August 29, 2014, which is the date the financial statements were available to be issued. As of August 29, 2014, there were no subsequent events noted.

NOTE (6) - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Water Works District No. 5 does not provide any post-employment benefits to retirees and therefore is not required to report under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014

<u>FEDERAL GRANT/PASS-THROUGH GRANT/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AWARD TYPE</u>	<u>EXPENDITURES</u>
U.S. Department of Agriculture Water and Waste Disposal System for Rural Communities	10.760	Pass through	\$ -
<u>Total expenditures of federal awards</u>			<u>-</u>

Water Works District No. 5 has one mortgage loan outstanding with United States Department of Agriculture - Rural Development as of June 30, 2014 as follows:

<u>Mortgage Loan</u>	<u>Outstanding Balance</u>
Note #1	<u>\$ 370,836</u>
<u>Total</u>	<u>370,836</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
JUNE 30, 2014

NOTE (1) – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all the federal financial assistance programs of Water Works District No. 5. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations.

NOTE (2) – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting for the federal assistance. The basis of accounting is described in Note 1 to the financial statements.

NOTE (3) – RELATIONSHIP TO THE FINANCIAL STATEMENTS

One USDA loan is reported in the District's financial statements as a liability and one USDA grant is reported in the District's financial statements as revenue.

USDA GRANT	\$ 5,831
USDA LOAN	<u>370,836</u>
<u>Total</u>	<u><u>376,667</u></u>

OTHER SUPPLEMENTARY SCHEDULE

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
FOR THE YEAR ENDED JUNE 30, 2014
(UNAUDITED)

<u>Insurer</u>	<u>Coverage</u>	<u>Coverage Limits</u>	<u>From</u>	<u>To</u>
Arch	Employee dishonesty	\$ 25,000	8/22/2013	8/22/2014
	Forgery or alteration	25,000		
	Theft, disappearance and destruction	10,000		
	Computer fraud	10,000		
	Bodily injury and property damage	1,000,000		
	Personal injury	1,000,000		
	Professional liability	1,000,000		
	Wrongful acts	1,000,000		
	Employee benefits	1,000,000		
	Damage to rented premises	1,000,000		
	Medical payments	10,000		

See accountant's compilation report.